

2012 ALERT SHEET

Distributed by: Employee Incentive Plans, Inc
To: Plan Administrators & Sponsors

Regarding: 2012 Qualified Retirement Plan Limitations & Updates

■ 2012 Dollar Limitations:

1.	Section 402(g)(1) Elective Deferral Limit - 401 (k) plans	\$ 17,000
2.	Catch-up Contribution – age 50 & older	\$ 5,500
3.	Section 401(a)(17) Annual Compensation Limit	\$ 250,000
4.	Taxable Wage Base	\$ 110,100
5.	Code Section 415 Individual Annual Limit – Defined Contribution	\$ 50,000

■ Code Section 404: Allows deduction limits up to 25% of eligible compensation

■ Highly Compensated Employee (HCE) Definition:

1. Participants with greater than 5 percent ownership in prior or current year
2. Section 414(q)(1)(B) Compensation Limit for prior year \$ 115,000

■ 401(k) Deposits & Loan Repayments:

- Large Plans (over 100 Participants): All 401(k) withholding from employees in large plans must be deposited as soon as administratively feasible after withholding from a participant's pay but *typically within 3 business days*.
- Small Plans (under 100 Participants): For small plans 401(k) deposits must be made for each payroll period as soon as possible but *no later than 7 business days* following date withheld to meet the IRS Safe Harbor deposit provision. All deposits should be consistent.

■ Catch-up Contributions: The catch-up contributions are available to participants age 50 and older. The catch-up amount is available to participants in a 401(k) plan who reach one of three limits. The limits include statutory limits, plan document limits or ADP limits.

■ 401(k) Enrollment Reminder: Please call our office in advance with the number of enrollment packets you will need for the January 1st enrollment period. *Allow two weeks for delivery.* If you would like to have a meeting for your employees, please contact our office to schedule an appointment.

■ Safe Harbor Plans: You may avoid ADP/ACP testing requirements if you have safe harbor contributions in the plan. Please notify our office before November 23rd, if you would like to discuss this option.

■ Deposits of 945 taxes from plan distributions: As plan sponsor, if you filed any 945 withholding taxes for plan distributions in 2011 you must file an annual report Form 945 by January 31, 2012. The IRS will send this form directly to you for completion and filing or you can obtain a form online. **If you did not withhold any taxes or your assets are with Fidelity, Nationwide or a bank this will not apply to you.**

Upon review of the above information, please contact our office if you have any questions.